

NEWS FROM SCDCA

South Carolina Department of Consumer Affairs



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CREDIT LIFE INSURANCE CHANGES IN EFFECT JAN 1, 2005

The South Carolina Department of Consumer Affairs is reminding consumers about a pertinent section of the South Carolina High Cost and Consumer Home Loan Act (also known as the Predatory Lending Law). This law, signed in 2003, protects consumers from unconscionable lenders and loan practices. **According to this law, financing credit life, credit disability, or unemployment insurance is prohibited in all home loans effective January 1, 2005.**

As of January 1, only credit insurance paid on a monthly basis is permitted. This is an important key element, since undisclosed premium credit insurance policies, when added into the loan, can possibly inflate a mortgage by thousands of dollars and eventually strip the equity from the borrower's home.

The SC High Cost and Consumer Home Loan Act contains a variety of protections for consumers, including restrictions on flipping, requiring counseling for high-cost loans, and prohibiting balloon payments. For more information about the law, please log on to the Department's website at www.state.sc.us/consumer or call the SC Department of Consumer Affairs at (803) 734.4200 or 1.800.922.1594 (toll free in SC).

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About the South Carolina Department of Consumer Affairs:

Established by the Consumer Protection code in 1974, The South Carolina Department of Consumer Affairs represents the interests of South Carolina Consumers. Our mission is to protect consumers from inequities in the marketplace through advocacy, mediation, enforcement and education. For more information, visit www.state.sc.us/consumer.
